BUDGET

1987-88

SPEECH OF

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MINISTER FOR FINANCE

Panguni 6, Atchaya, Thiruvalluvar Aandu 2018

20th March 1987

Speech of Thiru V. R. Nedunchezhiyan, Minister for Finance, Government of Tamil Nadu presenting the Budget for 1987–88 *to the Legislative Assembly on* 20*th March* 1987, *Panguni* 6, *Atchaya, Thiruvalluvar Aandu* 2018.

Honourable Speaker Sir,

I have great pleasure in fulfilling my responsibility of placing the Revised Estimates for 1986–87 and the Budget Estimates for 1987–88 before this House for its approval.

> " *The one who hath these four :*
> *a gifting hand, good grace,*
> *straight and just sceptre and care for subjects' weal*
> *is the light among monarchs.*

This is the golden saying of Saint Thiruvalluvar. The true meaning of this verse is that the Government which has these four attributes, namely, beneficience, benevolence, rectitude and care for its people is to be deemed a light among Governments. The present Government of Tamil Nadu is earnestly endeavouring to provide such a benevolent administration which incorporates these attributes and which follows the ideals enunciated by Arignar Anna in its activities with the co-operation of all good and learned people.

2. The Government of Tamil Nadu have been carrying out their bounden duties and responsibilities towards improving public welfare and economic uplift of the State in the coming year despite the impediments and hindrances caused by natural calamities and man made circumstances.

3. The overall impact throughout India on account of deficit financing, consequential inflation, uncontrolled escalation of the price levels at the national level, debt and interest burdens, all these have their repercussions on the financial position of the State Government as well as the economic life of the people in this State. However, this Government have been shouldering this heavy responsibility and discharging their obligations in right earnest by over-achieving the targets under the Plans, completing all the development programmes, carrying out commendably the multifarious welfare schemes for the weaker sections and implementing schemes for providing assistance to the people below the poverty line.

4. At a time when the people of Tamil Nadu are wilting under the severe drought that has overtaken the State owing to natural factors, the recent news of the rail accident near Ariyalur on the bridge across Marudhai river causing death to more than 25 persons and serious injuries to more than 120 on account of the malicious action of inhuman anti-social elements has shocked and grieved everyone concerned with the welfare of the nation. I convey on behalf of this House,

our deep condolences to the families of those who lost their lives and I also convey the good wishes of all the Honourable Members of this House for the speedy recovery of those who have been grievously injured.

5. As soon as the news of the bomb blast and the rail accident was received, the Honourable Chief Minister had ordered all officers and staff to undertake immediate relief operations and organise them to engage in concentrated and uninterrupted relief work. The District Collector, officials of the Revenue Department and development departments, Public Works Department, senior officers of the Police and Doctors, all of them rushed to the spot and engaged themselves in relief work. Honourable Ministers of the State Government and also of the Government of India visited the spot of the accident and undertook emergency measures. Relief operations, provision of security and medical care as well as the work on restoring the rail track, continue to be carried out.

6. All news media have announced unambiguously that this bomb blast was a planned act of sabotage perpetrated by malicious elements. A separate special Police team has been commissioned to detect those responsible for planting the bomb. In the place of the accident, posters carrying the following slogans in red ink claiming authorship by the "Tamil Liberation Army" have been pasted : "Tamil Eelam should be given recognition as in the case of Palestine. Relations with

Sri Lanka must be broken as has been done in the case of South Africa. Do not arrest the Tamil fighters. Return the arms recovered from them." The poster found in Ariyalur says: "Until Tamil Nadu separates from the Indian Union it is not possible to either prevent Hindi imposition or find a solution to the Cauvery problem. Remove the army from Punjab." The attitudes and mental make up of the persons who have indulged in this sabotage is a matter worth serious pondering. The investigation will reveal the facts and the real culprits will be apprehended.

7. The solution of the problems facing the people of Tamil Nadu is not entirely within the powers of the State Government. Under our Constitution, it is only the Central Government that has the powers for regulating the ways in which our economy can and should progress and that Government alone has the opportunities and facilities for carrying out such measures. The Central Government must examine, accept and provide support to the schemes considered important by this State for the welfare of the people and offer implementational encouragement for them through necessary economic priorities and policies. The economic development of the State is a joint responsibility of the State and Central Governments. The major share of this responsiblity is borne by the Central Government and only a small share devolves on the State.

8. If this joint responsibility between the State and Central Governments has to be successfully discharged there will have to be necessary alterations in the prevailing mutual relationships and the respective rights and responsibilities of each. It is only then that a strong India consisting of prosperous States will emerge.

" India must shine forth as a true federal State. States shall become self-governing entities with greater authority and more powers. " This is the theme that I would like to stress in this speech.

9. Perarignar Anna had observed in this House in the year 1967, " The States can receive increased revenues only in terms of an accepted formula. The State Governments can effectively discharge their responsibility of satisfying the increasing needs of the people and providing them a new life only if their economies are strengthened through devolution of adequate funds for the Plans and also through necessary delegation of powers regarding their utilisation. " This requires serious thought.

10. May the financial year 1987–88 see the proper fulfilment of our great tasks. May the prevailing cordial relationship between the Centre and the State continue. May the State become prosperous in order to create a prosperous Union.

Sri Lanka Tamil Problem

11. The atrocities on the Tamil people in the Jaffna peninsula of Sri Lanka continue with unabated fury,

Innocent Tamil people are being massacred by the Sri Lankan military forces. The Tamil people are facing starvation and death owing to the blockade imposed by the Sri Lankan Government against its own people. The activities of the Sri Lankan army and the attitude of the Sri Lankan Government are to be strongly condemned. Large cross sections of people all over the world condemn such inhuman acts. This Government welcome and render their support to all the efforts taken by the Government of India to bring about a solution to the problem. But time is running out and urgent steps are required to be taken if the lot of the Tamil people in Sri Lanka is not to worsen. It is, therefore, a matter of urgent necessity that Government of India should take all steps to prevent the further deterioration in the situation and to exert all pressure on the Government of Sri Lanka to stop all military action and to come to the negotiating table for a discussion.

Massive Housing Scheme

12. In the address made by the Governor recently, the important programmes and projects under consideration and implementation of this Government were enumerated. I would only elaborate a few of these schemes for which detailed proposals are being drawn up. It is essential to mention the details of the new approach which this Government propose for the massive housing scheme. In order to achieve our goal of providing shelter for 30 lakh families, it is necessary to create a sound and dispersed

infrastructure as well as mobilise large funds from all available sources. It is in this light that the Government have drawn up a programme to organise brick and tile societies at taluk and block levels in viable sizes so that these societies could individually meet the demand for construction material for the clusters to be covered by each. The provision made in the Budget by the State Government as well as the funds earmarked for housing under the NREP and RLEGP will provide the seed money for these societies. The societies will be able to obtain loan based on the equity capital thus provided. This approach would provide a total corpus of around Rs. 250 to Rs. 300 crores per annum which would be adequate to meet the needs for manufacture of construction materials to be supplied both for new houses to be constructed and for upgradation of existing shelters in order to have a very large coverage of houses per year. Similar seed capital will also be provided to the units engaged in manufacturing steel trusses and standardisation can be evolved for the supply of these basic construction materials. The fact that the Government of India have already announced the concept of seed capital provision in the case of houses to be constructed under the scheme of " Indira Awaas Yojana " encourages us to believe that this novel approach suggested by us will be accepted and necessary assistance extended by Government of India both in the matter of utilisation of their assistance towards seed capital and in the matter of directing financial institutions and banks to extend cheap credit for this important sector. We hope that

this model can very well be applied throughout the country to achieve much larger coverage than at present in providing shelter during the International Year of Shelter.

13. We also welcome the announcement of the Government of India regarding the formation of a National Housing Bank which will be the specialised agency for providing the needed funds and routing them to the housing sector. I am happy to mention that we have already obtained maximum assistance from agencies such as HUDCO and LIC for the expanded schemes that are being implemented by the Housing Board and Slum Clearance Board. In the year 1986–87, the total sanctions obtained from these agencies amount to Rs. 46.36 crores as against Rs. 26.23 crores in the year 1985–86.

Integrated Child Health and Nutrition Programme.

14. In the Governor's Address, mention has also been made about the proposal that is being posed to the World Bank for integrating the Chief Minister's Nutritious Meals Programme with health inputs which are at present provided under the Tamil Nadu Integrated Nutrition Project. There are at present 28,125 Child Welfare Centres run by the Social Welfare Department for providing noon meals to children between the age group of 2 to 5 years. We have also established 7,200 health sub-centres till now with multi-purpose health workers

to provide health coverage for groups of 5,000 population under each. In 1987–88, it is proposed to increase this number to 7,700 with the concurrence of Government of India and with that, the entire State will be brought under the health sub-centre programme. As against 698 Primary Health Centres to-day, a decision has been taken to establish an additional 140 Primary Health Centres in 1987–88, so that, by the end of that year, we would reach the target of having a Primary Health Centre to cover approximately a population of 58,000. The availability of this extent of highly dispersed and well-equipped infrastructure has placed Tamil Nadu in an unique position and we could confidently approch the World Bank for their assistance as, unlike other States, we do not face the problem of time-lag in fulfilling our counterpart obligations before absorbing the aid that could be sanctioned. Each Child Welfare Centre will become a nucleus for providing basic inputs such as nutrition, pre-school education, immunisation and other health coverage to all children upto the age of 5 years as well as preventive and curative health care to pregnant and lactating mothers. Already the State is shouldering the responsibility of funding the operations for this programme to the extent of about Rs. 300 crores both under Nutritious Meals and Health Care. The additionality we seek from the World Bank will be for strengthening the infrastructure by way of provision of permanent buildings, equipments, drugs, training and communication facilities. The total project is expected to cost around Rs. 400 crores.

Scheme for the Supply of Free Footwear

15. The recent announcement regarding the supply of free footwear to children and poor working mothers will certainly be complementary to the wide spectrum of assistance already provided to them. School-going children in the Standards I to VIII are to-day being given free uniforms and text-books. This group will be eligible for the free footwear in the year 1987–88. In addition, the poor working women in rural areas would also be eligible and the Child Welfare Centres would themselves function as a focal point for distribution of footwear to them. A provision of Rs. 20 crores is made in the Budget for this scheme. One auxillary benefit of this programme will be the creation of sustained employment opportunities to thousands of cobblers through the revitalisation of the dormant societies and the creation of new footwear societies throughout the State.

Urban Development Project

16. Two other projects which are reaching the final shape as regards assistance from the World Bank are the Tamil Nadu Urban Development Project and the special project for augmenting the water-supply from ground water sources for the city of Madras. The water supply project at a cost of Rs. 150 crores is scheduled for negotiation at Washington with the World Bank shortly prior to its sanction and the appraisal for the Tamil Nadu Urban Development Project costing

Rs. 428 crores has been completed. With the commissioning of these two schemes, certain long-felt needs in our urban centres for transportation, shelter and water supply will be met.

Allocation for Key Sectors

17. Government have also substantially increased the allocation for various important sectors. For Education, as against the current year outlay of Rs. 551 crores, the allocation in 1987-88 is Rs. 597 crores. In Agriculture the allocation in 1987-88 has been enhanced to Rs. 141 crores as against Rs. 118 crores in 1986-87. For Community Development and Municipal Administration, the allocation has been enhanced from Rs. 177 crores in 1986-87 to Rs. 193 crores in 1987-88. For Social Welfare, the allocation has been enhanced from Rs. 76 crores in 1986-87 to Rs. 92 crores in 1987-88. Similarly, in Irrigation also, as against the budget estimate of Rs. 129 crores in 1986-87 the estimates proposed for 1987-88 are Rs. 142 crores.

Krishna Water Supply Scheme

18. Honourable Members had expressed anxiety on the implementation of the Krishna Water Supply Scheme. I have already explained in detail our stand on this project during the reply to the Governor's Address. We do hope that the Government of India would give early clearance to this important project. We have requested

the Government of Andhra Pradesh to adopt a time-bound approach to implement certain identified important works in the project which are essential to complete the scheme so far as supplying water to Tamil Nadu is concerned. Even the execution of such a pruned project in reduced essentials entails an investment of around Rs. 600 crores according to 1985-86 estimates which would mean an investment of around Rs. 200 crores per year to complete it in a time span of three years. An investment of this magnitude has to be borne by the two State Governments and we have conveyed our agreement to provide our entire balance share under this scheme during this period in the same proportion as warranted by the ratios regarding the sharing of expenditure for each component based on the provisions to be made by Andhra Pradesh Government every year.

Communication Centre and Supply of Television sets.

19. The strengthening of the communication network in rural areas, particularly in the context of the extended coverage provided by television, is a necessary pre-condition for creating proper awareness among the people. Based on the announcement made by the Chief Minister during the Independence Day in 1984, the Government had launched a scheme of providing television sets to each Panchayat. Recently, it was also decided to introduce colour television sets in the Panchayats. A centralised communication centre is also being set up at a cost of Rs. 87 lakhs under the Tamil Nadu Integrated Nutrition

Project which could be a focal point for preparing and disseminating video cassettes to propagate the messages on nutrition, agriculture, health and for purposes of adult literacy. I am happy to announce that this Government are drawing up a scheme for equipping each Panchayat with a video cassette player through which these programmes could be shown on the television sets being installed.

Drought Relief

20. The Governor's Address mentioned the efforts initiated by this Government in tackling the drought situation which has overtaken a major part of the State owing to the large scale failure of the monsoons. We have submitted a Memorandum to the Government of India for assistance to the tune of Rs. 347 crores. 8,625 bore wells have already been sanctioned and in the last one and a half months 1,233 bore wells have been sunk. In addition to Rs. 28 crores provided for this, recently Government sanctioned Rs. 5 crores for taking up employment generation works, Rs. 1 crore for undertaking the digging of open wells and Rs. 15 lakhs for organising the distribution of water through lorries in water scarce areas. The entire Government machinery has been mobilised for tackling the situation and orders have already been passed to grant remission from land revenue to agriculturists in all areas where the crops have failed.

Welfare of Government Servants

21. This Government have been implementing a number of welfare schemes for the Government Servants. On the recommendations of the One Man Committee Government have also recently created special grades for a number of categories of posts in addition to the selection grade already available. These special grades will normally come into operation after the individual has put in 10 years of service in the selection grade which, in turn, is automatically given on the individual completing a minimum 10 years of service. Taking into account large number of representations, Government have agreed to allow special grades to these eligible categories at the completion of a total minimum period of 20 years of service even though 10 years after the selection grade would not have been completed. This concession will benefit a large number of Government Servants in departments where the promotion opportunities are not adequate.

Overall Financial Position

22. I shall now proceed to a review of the overall financial position of the State. It is worth mentioning in this connection that the Budget Publications for 1987–88 and the Revised Estimates for 1986–87 have been prepared following the new structure of classification introduced by the Government of India. The estimates in this Budget therefore show both the old classification and the corresponding new classification. This new classification

is intended to highlight important activities and functions of the Government and it also helps to observe the correlation between the Plan and the Budget provisions.

23. Honourable Members are aware that Tamil Nadu obtained an increased outlay of Rs. 5,750 crores for its Seventh Plan as against Rs. 3,150 crores for the Sixth Plan. In the first year of the Plan, viz., 1985–86, our expenditure on Plan schemes was Rs. 1,012 crores as against the outlay of Rs. 960 crores. In the year 1986–87, we may achieve an expenditure of Rs. 1,200 crores as against the outlay of Rs. 1,153 crores. The approved outlay for 1987–88 is Rs. 1,250 crores whereas in the Budget, we have drawn up Plan programmes for Rs. 1,341 crores. It is a matter of satisfaction and pride that this increased momentum in Plan expenditure is being maintained without detriment to the large number of welfare schemes undertaken by the State.

24. In the Budget Estimates of 1986–87 we had anticipated a closing deficit of Rs. 12.24 crores and in the Revised Estimates this is expected to marginally increase to Rs. 26.11 crores. By effectively managing our resources and through several economy measures we were able to prevent the deficit from worsening further inspite of large mid-year commitments on account of drought, write off of the interest and penal interest for agriculturists in the matter of co-operative loans, implementation of Central Government Dearness Allowance Scheme for Government Servants and the payment of Pongal

gift to all Government Servants. The commitments of the Government on the subsidies that are being provided on account of free power to agriculturists, rebate for sale of handloom cloth in order to help the Handloom Weavers, as well as losses incurred in public distribution of rice and grant of production incentives over and above the procurement price to farmers, have been on the increase. As against a budgetary support of Rs. 300 crores for the Electricity Board, a total of Rs. 330 crores had to be given though the performance of the Electricity Board in the matter of generation and distribution had considerably improved. Similarly, the claims for rebate to be settled for the Co-optex and Primary Societies were to the tune of Rs. 37 crores as against a Budget provision of Rs. 10 crores. Government also had to disburse more than Rs. 20 crores by way of production incentives to farmers over and above the procurement price. Honourable Members are also aware that the revenue from Excise and Sales Tax on the sale of arrack and toddy stopped on 31st December 1986.

25. These additional commitments could be fulfilled along side the increased Plan expenditure through strict economy measures practised in Non-Plan expenditure and the buoyancy realised in State revenues.

26. Coming to 1987–88, the major impact on our revenues will be the depletion caused by the impact of Prohibition. I had mentioned in my speech last year that we anticipate a loss of around Rs. 250 crores on this

account and had appealed to the Government of India to reimburse atleast 50 per cent of this according to their announced policy. Government of India take the year 1977–78 as the base year for reckoning the loss on account of introduction of Prohibition. We have already taken up the matter with Government of India and have pointed out that in all fairness the loss will have to be reckoned with reference to revenues that accrued to the State in the year preceding the introduction of Prohibition. We have not yet received any response from Government of India on this request, pending which, I have not shown any credit under this Head through Central Assistance. As a result, though efforts have been taken to maximise the receipts under various taxes which are the main sources of revenue for the State, our revenue expenditure next year exceeds our receipts. The projected revenue receipts and the revenue expenditure for 1987–88 are Rs. 2,779.15 crores and Rs. 2,874.00 crores respectively. Thus the net revenue deficit in 1987–88 will be Rs. 94.85 crores. Similarly in the Capital Account, the capital receipts are anticipated to be Rs. 657.98 crores whereas the expenditure met from Capital Account including loans and advances (net) are anticipated to be Rs. 780.95 crores. Consequently, the deficit in the Capital Account is anticipated to be Rs. 122.97 crores. Taking into account the deficits in the Revenue and Capital Accounts, the total deficit under the Consolidated Fund will be Rs. 217.82 crores. However, taking into account the anticipated net surplus of Rs. 37.24 crores under the Public Account, the total net transactions in 1987–88 will

show a deficit of Rs. 180.58 crores. With the opening deficit of Rs. 26.11 crores, our closing deficit in the year 1987–88 cumulatively will be Rs. 206.69 crores. It is unavoidable in this context that the State will have to take recourse to additional resource mobilisation measures in order to maintain the tempo of our developmental and welfare activities.

27. It is noticed from the Central Budget that there has been a growth rate of 16.62 per cent in the matter of total Plan outlays of States and Union Territories in the year 1987–88 as compared to 1986–87, whereas the growth rate in Central assistance for States and Union Territories for their Plans, in 1987–88 is only 7.54 per cent higher as compared to the previous year. Our Honourable Chief Minister had made a strong plea with the Planning Commission and the Prime Minister to provide us special assistance atleast by way of advance Plan assistance to the tune of Rs. 86 crores which was recognised even by the Union Planning Commission as a gap in our resources for fulfilling the accepted outlay. This request was necessitated because of the special problems for 1987–88 which already burden the State with increased commitments on account of drought, while having to absorb the full impact of the Prohibition policy. We had suggested to the Government of India that this timely assistance would enable us to cover our deficit without having to take recourse to wide-ranging resource mobilisation measures in a single year. We

still hope that the Government of India would favourably consider this reasonable request and the assistance to be sanctioned by them will reduce the deficit to that extent.

28. As in the years past, every effort on resource mobilisation was undertaken with careful examination of the possible impact on different sectors of economy so that none of the taxation measures shall adversely affect the vulnerable sections of the population or arrest the growth and development of the economy. Various representations were being received by the State Government from Industry, Trade and other consumer groups for concessions in the Sales Tax structure of the State. This Government had formed a Committee to study these representations and also to make a comparative analysis of the sales tax rates prevalent in adjoining States and other industrially advanced States like Maharashtra and Gujarat. Though the State cannot overcome the resource crunch without the inevitable necessity and obligation to resort to some additional taxation measures, the Government have also decided to announce a package of incentives, concessions and other rationalisation measures in sales tax structure wherever they were shown as justified. Honourable Members will appreciate and I am sure the Industry, Trade and general public will welcome these announcements which are intended to remove the irritants and clear the way for a more rapid growth of the economy.

29. I am giving below the various concessions that the Government propose to give in Sales Tax which have a bearing on Industry, Trade, Agriculture and the general consuming public.

30. Various organisations representing Industry and Trade have been seeking reduction of Sales Tax rates both with a view to match the concessions offered in other States and to accelerate the growth of the economy. The Government have considered the reasonableness of these requests with due regard to the finances of the State and have drawn up the following package of concessions and rationalisation measures :

(1) Electronic Goods :

Last year the Government reduced the rate of Sales Tax on the electronic goods manufactured within State to 6 per cent from the prevailing 10 per cent. It would be further reduced to 4 per cent and I am confident that this will provide the necessary fillip to these developing industries in this State.

(2) Sales Tax concessions in respect of capital goods and raw materials purchased by the units in Madras Export Processing Zone :

An Export Processing Zone for locating 100 per cent export units has been set up at Meenambakkam near Madras and already 74 units have been granted permission. In order to provide them a conducive climate

for development and growth, the Government have decided that the Sales Tax paid by them both in the matter of purchase of capital goods and raw materials will be reimbursed. This concession will be initially offered for a period of 3 years.

(3) Concessional rate of Sales Tax for supplies made to Government Departments and Public Sector Undertakings :

The Government have already reduced Sales Tax to 4 per cent on the sales of most of the goods falling under I-Schedule to State and Central Government departments including the Indian Railways. This concession would be extended to the sale of goods made to departments of other State Governments in Tamil Nadu, Neyveli Lignite Corporation and Tamil Nadu Electricity Board. It is hoped that this concession will enable these undertakings to purchase their requirements locally.

(4) Motor Cars and two wheelers :

At present the rates of Sales Tax prevailing in this State for Motor Cars and two wheelers are 9 per cent and 15 per cent respectively. With a view to reduce the loss of revenue due to diversion of trade to other States the rate of tax on motor cars would be reduced to 5 per cent. The rate of tax on two wheelers with 50 c.c. capacity engine and mopeds which are manufactured in the State

would be reduced to 4 per cent. In respect of all other two wheelers the rate will be reduced from 15 per cent to 8 per cent.

(5) Works Contract :

When the Sales Tax on works contract was introduced by the State Government, the minimum rate was 5 per cent though for items not specifically mentioned in the Schedule, it was levied at 10 per cent. Taking note of the problems faced by the trade and industry, it has been decided that the same minimum rate viz., 5 per cent will be levied for all residuary items also.

(6) Reduction of Sales Tax for specific industrial products:

Reduction in Sales Tax rate as below will be made on the following industrial products :—

(*a*) **Generator parts—from 12 per cent to 8 per cent.**

(*b*) **Power Tillers—from 8 per cent to 6 per cent.**

(*c*) **Napthols—from 5 per cent to 4 per cent.**

(*d*) **Specified plastic raw materials—from 5 per cent to 4 per cent.**

(*e*) **Packing materials when used to pack goods exported out of the territory of India—exemption from tax at the last point of sale preceding export.**

(*f*) Parts and accessories of Motor Vehicles and Trailers—from 15 per cent to 12 per cent.

(*g*) Specific items of Dyestuff—from 5 per cent multipoint to 5 per cent single point.

(*h*) Raw and tanned hides and skin—

2 per cent as raw hides and skin ; and

2 per cent as tanned hides and skin.

These measures are intended to provide incentives and encouragement to the industries which manufacture these products extensively in this State.

(7) Concession to boost Agricultural Production :

Mineral Gypsum—from 5 per cent to 3½ per cent.

With the present reduction in the rate of Sales Tax, this item has been brought on par with fertilisers to increase its use in cultivation of cotton and groundnut.

(8) Jewellery :

At present 5 per cent multi-point sales tax is payable on jewellery. Besides this, traders purchasing old jewellery have to pay a purchase tax of 2 per cent. This is invariably passed on to the selling public. It is therefore decided that the purchase tax payable by the jewellery dealers, i.e., on the purchase of old jewellery be dispensed with.

(9) Handmade Matches :

At present, dealers with turnover upto Rs. 50,000 per annum have been exempted from the levy and all others are taxed at 2 per cent. In order to benefit the small manufacturers of cottage industries, the limit will be increased to Rs. 1 lakh. The rate of tax on the turnover exceeding Rs. 1 lakh and upto Rs. 2.50 lakhs will be 1 per cent and exceeding Rs. 2.50 lakhs and upto Rs. 5 lakhs will be 2 per cent and exceeding Rs. 5 lakhs will be 3 per cent.

31. In addition to the concessions offered above, a series of rationalisation measures are also contemplated. The following items are brought under single point levy at the point of first sale at the rate mentioned against each :—

(*a*) Palm fatty acid—5 per cent.

(*b*) Specified kirana goods—8 per cent.

Measures to curb evasion :

32. In order to plug evasion, the levy on cardamom would be converted into a multi-point tax of 5 per cent. In case of jaggery, it has already been brought into single point levy of 8 per cent last year. In case of jaggery procured from outside the State, the levy of 8 per cent will be at the point of first sale and for jaggery procured locally at the point of first purchase.

For the following items, the existing levy will be split into two parts, one at the point of first sale and another at the last point of sale, again with a view to plug evasion :—

(*a*) Iron and steel safes, cash chests, safe deposit lockers, etc.—At the point of first sale 10 per cent and at the point of last sale 5 per cent.

(*b*) All kinds of furniture other than those mentioned at (a) above —

At the point of first sale—6 per cent.

At the point of last sale—4 per cent.

(*c*) Parts and accessories of motor vehicles and trailers—

At the point of first sale—8 per cent.

At the point of last sale—4 per cent.

(*d*) Tyres and Tubes —

At the point of first sale—6 per cent.

At the point of last sale—3 per cent.

Rationalisation of levy of Entertainment taxes :

33. At present, six different taxes as shown below are levied in cinema theatres in non-compounding areas under Tamil Nadu Entertainment Tax Act, 1939 and Tamil Nadu Local Authorities Finance Act, 1961—

(*a*) Basic Entertainment Tax.

(*b*) Surcharge on Entertainment Tax.

(*c*) Additional Surcharge on Entertainment Tax.

(*d*) Show Tax.

(*e*) Surcharge on Show Tax.

(*f*) Additional Surcharge on Show Tax.

The effect of all these six levies works out to a maximum tax rate of 53 per cent on the gross admission rate of the ticket. Each tax is also shared in different ratios between the Government and the local bodies. Taken altogether, the total revenues are shared in the ratio of 35 : 65 between Government and the local bodies. There have been a large number of requests to consolidate all the levies into one single levy. Government have therefore decided to make a single levy of 55 per cent of the gross admission rate in the place of 6 different levies in non-compounding areas. It is proposed to provide a higher share to local bodies than prevailing at present. The revenues out of this levy will be shared between the Government and the local bodies in the ratio of 30 : 70.

34. These concessions in all would entail a loss of about Rs. 15 crores per annum. After considerable deliberation, the Government have decided to restrict the resource raising measures only to areas where the impact is minimal and where there is clearly a perceptible scope for additional collections.

Measures of additional resources mobilisation :

35. Now I come to the additional resources mobilisation measures.

(1) Additional Sales Tax:

From 1970, Tamil Nadu has been levying additional sales tax on the turnover of dealers. In the last Budget, some alterations in the rates were made with the result that the taxable turnover of dealers upto Rs. 10 lakhs were exempted from additional Sales Tax and for taxable turnover exceeding Rs. 10 lakhs upto Rs. 40 lakhs, a tax rate of 1.25 per cent and above Rs. 40 lakhs, a tax rate of 1.5 per cent were fixed. The goods under First Schedule of Tamil Nadu General Sales Tax Act are subject to single point levy. These goods are not taxable at any point other than the point prescribed in the Schedule. Hence the dealers transacting these goods at points other than the prescribed point, deduct the turnover of these goods from their total turnover for the purpose of determination of additional sales tax on the ground that these goods are not taxable at these points. However, the turnover of these goods is considerable at these points. Therefore, it has been proposed to redefine the term ' taxable turnover ' under Tamil Nadu General Sales Tax Act as below so as to get additional sales tax on account of the turnover of dealers transacting in the first schedule goods at points of sales other than the prescribed point.

" Taxable turnover " in respect of the above category of dealers for the purpose of additional Sales Tax will be the taxable turnover normally arrived at plus the sales turnover of these dealers at points of sale other than the point of levy prescribed in First Schedule of Tamil Nadu General Sales Tax Act. However, the taxable turnover shall not include the turnover of goods exempt by notification under Section 17 of the Act. "

However, with a view to give concession on Additional Sales Tax the present rates of 1.25 per cent and 1.5 per cent would be reduced to 1.0 per cent and 1.25 per cent respectively.

Though the Government had announced last year exemption of all dealers with less than Rs. 10 lakhs turnover, it has become necessary to restrict the exemption to a slightly lower limit to prevent evasion. It is therefore proposed to introduce a levy of 0.7 per cent on the traders with a taxable turnover exceeding Rs. 7 lakhs upto Rs. 10 lakhs.

(2). Surcharge on Sales Tax:

Tamil Nadu has been having a surcharge on Sales Tax which is at present only applicable to Madras, Madurai, Coimbatore, Salem, Tiruchirappalli and their suburban areas and 38 municipalities. This is levied at the rate of 5 per cent on the Sales Tax. This levy will be extended to the entire State for the sake of uniformity.

Similarly, an additional surcharge is levied within the jurisdiction of Madras Corporation and suburban

areas extending upto 32 kms. This levy will be extended to Madurai and Coimbatore Corporations and their suburban areas extending upto 16 kms.

Indian-made Foreign Liquor :

36. It has been decided to introduce a system of multi-point levy of Sales Tax with set off provision incorporating the concept of value addition on Indian made Foreign Liquors. (All kinds of alcholic liquors for human consumption other than those imported into India.) The tax rate, point of levy and set off provision will be as follows :—

Thirty per cent at every point of sale other than the last point provided that at any point of sale other than the first point of sale and last point of sale, the turnover of the goods liable to tax shall be arrived at by deducting the turnover of such goods on which tax has been levied at the immediately preceding point of sale.

Food and drinks sold in Hotels and Restaurants :

37. The exemption from levy of Sales Tax in respect of food and drinks sold in hotels and restaurants will be withdrawn. However, hotels with a turnover of less than Rs. 2 lakhs will be exempted. Those with a turnover exceeding Rs. 2 lakhs and upto Rs. 5 lakhs will have the option to pay at compounded rates as below :—

Above Rs. 2 lakhs and upto Rs. 3 lakhs turnover—Rs. 7,500.

Above Rs. 3 lakhs and upto Rs. 4 lakhs—Rs. 11,250.

Above Rs. 4 lakhs and upto Rs. 5 lakhs—Rs. 15,000.

38. The rates of sales tax in respect of the following items will be increased as below :—

(*a*) **Welding rods and electrodes—from 8 per cent to 10 per cent.**

(*b*) **Asbestos—from 8 per cent to 10 per cent.**

(*c*) **Bricks—from 5 per cent to 8 per cent.**

(*d*) **Timber—from 5 per cent to 8 per cent.**

(*e*) **Aviation Fuel—from 10 per cent to 14 per cent. This will bring the tax rate on par with the present rate of tax on petrol and diesel.**

39. Government of India have suggested to the States adoption of floor level rate of 10 per cent on some commodities in order to have uniformity in the rate of Sales Tax on a national basis. In order to achieve this, the rates of tax will be raised on the following commodities from their existing levels to 10 per cent :—

(*a*) Precious stones.

(*b*) Cushion and foam articles.

(*c*) Vacuum flasks.

(*d*) China ware articles.

(*e*) Perambulators.

(*f*) Ivory articles.

40. All these measures of additional resource mobilisation are expected to yield approximately Rs. 80 crores per annum.

Taxes on Vehicles:

41. The rates of Motor Vehicles Tax will also be revised as shown below :—

(1) *Goods vehicles plying for hire or reward and used for the transport of goods (Public Carriers).*

There are 8 categories of vehicles under this with different laden weights. The present rates of Motor Vehicles Tax for these vehicles range from Rs. 350 to Rs. 1,300 and more per quarter. It is now proposed to revise the rates of Motor Vehicles Tax for all these categories of vehicles. The minimum increase will be Rs. 50 whereas the maximum increase will be Rs. 325 per quarter.

(2) *Trailors used for carrying goods for hire or reward other than those falling under Classes 6 and 7 of the Schedule to the Tamil Nadu Motor Vehicles Taxation Act*, 1974.

There are 7 categories of vehicles under this depending on their laden weights. At present there are different rates of motor vehicles tax for these vehicles ranging from Rs. 240 to Rs. 920 and above per quarter depending on

their laden weights. The minimum increase will be Rs. 50 and the maximum increase will be Rs. 325 per quarter due to the proposed enhancement.

(3) *Goods vehicles not plying for hire or reward but used for transport of goods (Private Carriers).*

There are 9 categories of vehicles under this having various laden weights. At present the rate of tax for these vehicles vary from Rs. 80 to Rs. 1,110 and more per quarter. The increase in the rate of motor vehicle tax per quarter will be a minimum of Rs. 30 and maximum of Rs. 165 for various categories due to the proposed increase. However there will be no increase in the rate of tax for trailers under this category.

(4) *Tourist Taxis, i.e., Van Type tourist cabs (Cabs permitted to carry 7 persons including driver).*

The existing rate of Rs. 150 per quarter will be increased to Rs. 250 per quarter.

(5) *Stage carriages such as city and town buses, mofussil buses, Express buses and Spare buses having various seating capacities.*

The increase of tax per seat per quarter will be as follows :—

(*a*) *City and Town services*—from Rs. 180 to Rs. 200.

(*b*) *Express Services*—from Rs. 200 to Rs. 220 The existing surcharge of Rs. 40 per seat per quarter will continue.

(*c*) *Mofussil Services*—from Rs. 225 to Rs. 245. The existing surcharge of Rs. 35 per seat per quarter will continue.

(*d*) *Spare Buses*—Consequent on the above revision, the increase in respect of the spare buses will be Rs. 15 per seat per quarter, which is 3/4th of the increase suggested above.

42. These increase of motor vehicles tax will give additional revenue of about Rs. 10 crores per annum. The revenue generated herein will enable us to maintain our high level of expenditure on maintenance of roads and bridges and laying of new roads. It may also be pointed out here that while deciding the revised rates, we have taken into account the rates prevailing in the neighbouring States. Even after these increases, our rates will be comparable to those prevailing in the neighbouring States.

43. The total receipts from these measures of additional resources mobilisation are expected to be about Rs. 90 crores (including Rs. 80 crores from Sales Tax and Rs. 10 crores from Motor Vehicles Tax). However, taking into account the approximate annual loss of revenue of Rs. 15 crores because of the concessions now being offered, the net additional resources mobilisation in 1987–88 will be about Rs. 75 crores.

Taking into account the net receipts from all these measures, the closing deficit for the year 1987–88 will be Rs. 131.69 crores. As I have mentioned earlier, this would further be reduced if the assistance from Government of India is received. However, it may be necessary for us to have a reassessment of the situation in the course of 1987–88 to consider further prunings and reductions in expenditure if necessary. We welcome the lead given by the Government of India in introducing the zero base budgeting concept. The Government are also planning to initiate steps to introduce such tools for preventing unnecessary and infructuous expenditure wherever possibles so that the available resources of the State could be directed to achieve optimal results.

Honourable Speaker Sir,

44. In this Budget the nature of our finances, the policies and goals of the Government, new schemes, achievements, tax concessions, tax rationalisation measures proposals for new taxation, etc., have been brought out. In the Annexure to this statement, notes on certain important departments have been specially incorporated. I request the Honourable Members to read and utilise them.

45. I hope that the opinions to be expressed by the Honourable Members during discussions on this Budget which emanate from their good intentions and sincere outlook and the constructive criticisms and other observations on any defects which are made without malice and

out of a just concern, would also be of help to the Government in rectifying them. I seek the co-operation of everyone to maintain the name and fame, dignity and discipline of this House. Let heat subside and light prevail.

46. I have great pleasure in conveying my heart felt thanks to the Finance Secretary Thiru C. Ramachandran and the officers and staff of the Finance Department as well as other departments who have given me all help and co-operation in preparing these Budget proposals.

47. I earnestly request the House to kindly approve the Annual Financial Statement for the year 1987–88.

Vanakkam

Madras,
20th March 1987,
Panguni 6, Atchaya,
Thiruvalluvar Aandu 2018.

V. R. NEDUNCHEZHIYAN,
Minister for Finance.

Annexure to Budget Speech

Agriculture

The State has been facing successive years of adverse seasonal conditions. However, the levels of production as well as productivity are being maintained, thanks to the efforts of the Government. During 1986-87, it is expected that the productivity level of 2750 kg. per hactare will be achieved. The anticipated production is expected to be 57.00 lakh metric tonnes of rice, 20.00 lakh metric tonnes of millets, 4.50 lakh metric tonnes of pulses, 15.50 lakh metric tonnes of oil seeds and 5.00 lakhs bales of cotton. It is also proposed to intensify the efforts in areas like introduction of new varieties, seed treatment with bacterial fertilisers, increased use of bio-fertilisers, adoption of improved dry farming practices, popularising drip and sprinkler irrigation, DAP foliar spraying and mass plant protection of pulses, biological control of pests, adoption of IPM technology etc. Steps are also being taken to intensify the land development activities like soil and water management, farm mechanisation practices etc.

2. Government are however, not looking at the agricultural sector purely from a conventional point of view. Emphasis is also being given to the new thrust areas like development of agro industries. A new project of the Tamil Nadu Agro-Industries Corporation for the manufacture of jasmine concrete with foreign

collaboration has been approved by the Government. Another project to manufacture energy food for supply to the nutritional supplementary programme is also under consideration.

Irrigation

3. As a further step to augment the irrigation and drinking water sources in the State, the Government of Tamil Nadu have requested the Government of Kerala for the diversion of surplus water in some of the west flowing rivers of Kerala, in pursuance of the recommendation of the Technical Committee constituted by the Government of India. This issue is being pursued by the State Government, who have further reiterated its urgency in the meeting of the National Water Development Agency in December 1986.

4. The implementation of many of the other irrigation projects in the State are also being expedited. Sanction has been accorded to incur an expenditure of Rs. 56.86 crores for the Phase-II of the project for Modernisation of Periyar-Vaigai Irrigation System. Work on this project is expected to be completed by April 1988. Similarly, the Parambikulam–Aliyar Project ayacut extension scheme at an estimated cost of Rs. 18.63 crores to benefit an extent of 56,600 ha. in Coimbatore and Periyar districts is under execution. The third stage of this project to provide irrigation facilities to an

additional extent of 14,170 ha. at an estimated cost of Rs. 7.44 crores is also in progress.

Horticulture

5. In order to supplement traditional agricultural products, the State Government have been laying special emphasis on Horticulture development in the State. Several schemes for distribution of quality planting materials and vegetable seeds are being implemented in the State. In the current year, 35 lakhs planting materials like root cuttings were produced and distributed in the 54 State Horticulture Farms. This is expected to increase to 40 lakhs during the next year. To meet the growing demand for vegetable seeds about 86 metric tonnes of seeds were produced and distributed in the current year. It is programmed to increase this to 90 metric tonnes during 1987–88.

Animal Husbandry and Dairy Development

6. There are seven district livestock farms which are the centres of State animal husbandry programmes. The Exotic Cattle Breeding farm established with the assistance of Danish Government produces the Jersey bulls required for the State. In the current year 250 centres were provided with Frozen Semen facilities, thus increasing the total number to 1,294 in the State. In the next year 125 more such centres are programmed to be started.

The two Heifer production centres at Pudukottai and Udhagamandalam help in distribution of Calves to farmers under special economic development schemes such as IRDP.

7. With the assistance of National Dairy Development Board, foot and mouth vaccination is provided to animals in districts of Nilgiris, Coimbatore, Periyar, Trichy, Madurai and parts of Anna and Kamarajar Districts.

8. There has also been significant increase in milk production in the State. 36 chilling plants with a capacity of 6.78 lakhs litres per day are now being operated in the State. The National Co-operative Development Corporation has sanctioned financial assitance this year to the tune of Rs. 7.05 crores for establishing milk production, processing and marketing facilities in Nellai Kattabomman and Chidambaranar districts. Operation Flood III Programme has been started in the State.

Industries

9. Tamil Nadu continues to maintain a leading position among the industrially advanced states in the country. The State maintains third position in respect of the number of industrial licenses issued. A study of the State-wise assistance sanctioned by the IDBI under its Refinancing Scheme reveals that Tamil Nadu holds the second position and is next only to Maharashtra. The State Government have forwarded 12 applications

to Government of India for setting up of new sugar factories as well as expansion of the capacities of the existing sugar mills. The scheme for detailed investigation on the occurrence of the precious metals in Dharmapuri district and also a scheme for detailed exploration of lignite in South Arcot district have been taken up.

10. In the Governor's Address to the Legislative Assembly on 27th February 1987, it was stated that the Government are taking steps to make the public sector undertakings economically viable. It is heartening to note that the Southern Structurals Limited, where the Government are holding major shares, is now making fast strides in the path of economic viability after years of continuous losses. The S.S.L. has secured the prestigious orders for the manufacture and supply of 3 Nos. of Giant Size Bucket Wheel Excavators to Neyveli Lignite Corporation in collaboration with a West German firm. As a further step in the direction of fulfilling its promotional role, the Tamil Nadu Salt Corporation is implementing a scheme for iron fortified salt at Valinokkam Salt Complex with the co-operation of Government of India and UNICEF. The iron fortified salt will be supplied to the Chief Minister's Nutritious Meal Scheme. Similarly, in respect of implementation of self-employment programme for the educated unemployed youth, 23,549 cases have been recommended to banks for providing self-employment as against the target of 18,100 cases in 1986-87.

11. The Tamil Nadu Industrial Development Corporation Limited (TIDCO) continues to play a vital role in accelerating the industrial growth of the State. 7 projects in the public sector and 26 projects in the joint sector with a total capital outlay of Rs. 347 crores are in operation. Besides, 2 projects in the public sector and 10 projects in the joint sector with a total capital outlay of Rs. 295 crores are under implementation. All these projects would provide employment opportunities to about 15,900 persons. TIDCO's prestigious projects such as Magnesium Metal Project and Detonators and Detonating Fuses Project in the public sector and Tamil Nadu Petro Products Limited and Titan Watches in the joint sector are expected to commence their production during 1987-88, in addition to some other projects. State Industries Promotion Corporation of Tamil Nadu (SIPCOT) is also playing a pioneer role in promotion of industries in the State. Its achievements are reflected from the fact that Tamil Nadu stands first in availing of cumulative total of Central Investment Subsidy from Government of India. Similarly, Tamil Nadu Industrial Investment Corporation (TIIC) which earned a profit of Rs. 195.40 lakhs during 1985-86 continues to maintain its past trend of achievement. The employment generated by the units assisted by this Corporation during 1986-87 is 16,300.

Electronics, Science and Technology

12. For the popularisation of science in the State, the Government have constituted the Tamil Nadu Science

and Technology Centre which is putting up the Periyar Science and Technology Centre and a Planetarium at Madras. The first phase of the Science and Technology Centre and the establishment of Planetarium are expected to be completed in 1987.

13. The Tamil Nadu Energy Development Agency is promoting the development of non-conventional sources of energy like wind power, solar energy, etc. The Institute of Remote Sensing at Anna University is using data transmitted by satellites to assist a number of departments of the Government. The Institute will shortly acquire a powerful computer for this purpose.

14. In the Electronics side, the State owned Electronics Corporation of Tamil Nadu (ELCOT) is expected to reach a sales turnover of Rs. 13 crores from its units in the public sector and in the joint sector during 1986-87. This will represent an increase of 60 per cent over the sales turnover of Rs. 8 crores during 1985-86. The total sales turnover in 1987-88 is expected to be Rs. 28 crores.

Institutional Finance

15. Government are continuing their effort to ensure adequate and speedy flow of credit to the various priority sector activities in the State. It is a matter of satisfaction that in Tamil Nadu the norms fixed by the Reserve Bank of India for advances to priority sectors, differential rate of interest and weaker section lendings

have been exceeded. Under the Branch Licensing Policy for 1985-90, announced by the Reserve Bank of India, the State Government have identified 486 centres in 251 blocks for opening of new bank branches. As a first instalment, the Reserve Bank of India has recently given permission to Grama Banks for opening new bank branches at 38 centres in Dharmapuri and South Arcot districts.

Employment Services

16. Unemployment Relief as a Social Welfare Scheme is being continued. In the first three quarters of the current financial year, 1,35,038 unemployed persons have been sanctioned relief to the tune of Rs. 7.69 crores. In the remaining three months, a further sum of Rs. 1.55 crores will be disbursed to 8,000 persons.

Labour Welfare

17. The Government have been continuing their emphasis on provision of better working conditions and health coverage for labour in the State. With the concurrence of Employees State Insurance Corporation, New Delhi, the Government proposed to sanction in 1987–88 two 50 bedded hospitals with staff quarters at Sivakasi and Salem respectively. With the aim to improve the condition of child labour and to provide such children with nutrition, minimum levels of education and health, a pilot project at Sivakasi for implementation during a span of 3 years at a cost of Rs. 13.89

crores was launched this year, with Central Government assistance. The Government also introduced Group Personal Accident Insurance Scheme for workers in Match and Fire Works Industry in Sivakasi. This has also been extended to other areas in the State. This Government constituted a Task Force Committee in 1985 for updating information on occupational health hazards and safety provisions in Chemical Industries, etc. The recommendations of the Committee are being studied carefully.

18. In the unorganised sector, the State is implementing special schemes like the Insurance-*cum*-Retirement Benefit Scheme and the Accident Relief Scheme.

Handlooms, Textiles and Khadi

19. The handloom sector, like agriculture, is traditional as well as labour oriented. The survival of handloom industry is often endangered by certain extraneous factors. However, thanks to the policy and support given by Government from time to time, the handloom industry has been able to sustain and grow despite the competition from weaving mills and powerlooms. To promote sale of handloom goods, the existing policy of allowing rebate on handloom cloth is being continued. As against the Budget allocation of Rs. 10 crores in the current year, the Government have so far sanctioned Rs. 37 crores for this scheme.

20. The Government also attach great importance to Khadi and Village Industries. The Khadi and Village Industries Board is playing an important role not only in producing and disbursing various articles of daily use, but also in creating large scale employment in the rural areas. The strategy adopted by the Government is to develop khadi and village industries through the network of production units and co-operatives. This approach facilitates employment of weaker sections within a small radius of a cluster of villages as well as utilising the locally available raw materials with marginal capital investment. It is expected that Khadi and Village Industries Board will achieve a total production turnover of Rs. 140 crores during 1987–88.

Power

21. The State Government have been giving a major emphasis on power development in the Seventh Five-Year Plan. An outlay of Rs. 2,000 crores forming 35 per cent of the total outlay for Tamil Nadu has been provided for power development. In the first year of the Seventh Plan (1985–86), an amount of Rs. 301.44 crores was spent, while during 1986–87 an amount of Rs. 357.55 crores is anticipated to be spent. During 1987–88 an outlay of Rs. 408.69 crores is being allocated for power.

22. Increase in the Plan outlays for power development are reflected in the significant increase in

the availability of electricity in the current year. In 1986–87 upto January 1987, 12,333 m.u. were supplied. This constitutes an increase of 12.5 per cent over the corresponding period in the previous year. This increase has been possible because of the improvement in the performance of the thermal stations of Tamil Nadu Electricity Board and the additionality of power supplied from the second thermal station at Neyveli. The plant load factor of thermal stations are also showing positive signs. The Tuticorin Thermal Station is expected to reach a plant load factor of 73 per cent in 1986–87 as against 65.5 per cent in 1985–86.

23. Despite the increase in power availability, it has not been possible to satisfy the entire requirement, because of rapid increase in demand as well as continuous failure of the monsoons in the catchment areas of the hydel reservoirs in the State. There was therefore no alternative but to impose a power cut on H.T. industries numbering about 1,000. However, due to effective management, the level of the cut has now been stabilised and there will be no further increase beyond 40 per cent cut which is in force from January 1987 onwards.

24. Despite these serious constraints, the Government have been fulfilling various progressive and welfare schemes in the power sector. Under the programme of energisation of pumpsets, the target of 40,000 pumpsets will be achieved in the current year. Under the scheme 'a Light for a Hut' launched by Government in 1979,

free electricity is being supplied to 7.4 lakh hut dwellers. This scheme has been extended to small tiled houses constructed under NREP and RLEGP schemes.

Education

25. Education continues to receive priority in Budget allocation. As against an outlay of Rs. 551 crores in 1986–87, the outlay during 1987–88 will be Rs. 597 crores. The programmes of opening of new schools, construction of school buildings, sanction of additional posts of teachers will be continued in 1987–88 as in the past.

26. Government are also giving significant emphasis on the new dimensions of education. Vocational courses are now offered in more than 1,250 Higher Secondary Schools in the State. A thorough revision of school curriculum and syllabi for standards 1 to 12 has now been taken up under the Chief Minister's scheme of life oriented education. The basic objective of this scheme is in consonance with the new educational policy of the Union Government. The total number of adult education centres functioning as on 31st December 1986 was 21,995. Out of 8.08 lakh adults covered under this programme, as many as 6.54 lakhs are women. The Adi-Dravidar and Scheduled Tribes representation among these adult learners is 3.56 lakhs.

27. In the area of University Education, the State Government have been opening new universities. The concept behind the establishment of new universities is

not to increase the number of conventional universities but to have ' Special Purpose ' universities which can take up research on relevant subjects. Besides, as per the action plan to implement the national education policy, the State Government have given sufficient encouragement to the universities to confer autonomous status to more number of colleges. Tamil Nadu has 17 autonomous colleges which is the largest among the States. This approach is intended to help the universities to devote their attention to post-graduate education and research, instead of straining themselves on the conduct of examinations. In order to make all the universities in the State financially sound, the State Government are also examining the issue of revision of the annual block grants to the universities.

Tamil Development and Culture

28. The State Government has been taking several innovative steps for the proper growth of Tamil language and culture. In fact, this year, a statue of poet Bharathiyar was installed in New Delhi. The Delhi Tamil Sangam was assisted with a grant of Rs. 5 lakhs for construction of its building. The South Zone Cultural Centre established at Thanjavur has carried out several important programmes. The Govenment have also announced the installation of an imposing statue of the great poet Thiruvalluvar at Kanniyakumari overlooking the sea on a scale and grandeour matching the Statue of Liberty in U.S.A.

Sports Development and Youth Welfare

29. To encourage sports and to ensure proper development of the body and mind of the youth in Tamil Nadu, Govenment have initiated various sports development activities in the State. The National Service Scheme, establishment of Nehru Yuvak Kendras, setting up of village youth forums, establishment of a rural sports centre, conduct of various local and national tournaments, etc., are some such activities. In the year 1986-87, Tamil Nadu conducted a Rural Sports meet in Trichy, Women Sports competitions and the All India Civil Services meet in Coimbatore.

30. In order to give a proper direction to sports in Tamil Nadu and to spot and encourage sports talents in the State, the Tamil Nadu Sports Development Corporation is engaging itself in various development activities. This Corporation has developed plans for establishing in each district headquarters, such sports facilities like a stadium, a swimming pool, an indoor stadium, etc. It has also been engaging itself in obtaining appropriate funds through local initiatives and through the agencies of Central Government like the National Sports Development Council.

Chief Minister's Nutritious Meal Programme

31. Chief Minister's Nutritious Meal Programme which was started in 1982 is today benefitting 84 lakhs children and 1.98 lakhs old age pensioners through

66,000 centres. This scheme has also been extended to benefit Ex-servicemen/widows who receive pension from the amalgamated fund with effect from 1st January 1984. About 1.99 lakh persons mostly poor and destitute women have got employment through this scheme.

32. There is an upward trend in the growth and nutritional status of the children. There has been a marked increase in the enrolment of children in schools as well as a decrease in the drop out rate of school going children. This scheme is proposed to be expanded into a full fledged Nutrition-*cum*-Health Programme covering children below the age of 2 years as well as pregnant and lactating mothers. It is proposed to approach World Bank for suitable assistance.

Free Supply of Text-Books and Uniforms

33. The notable aspect of this programme is the free supply of uniforms and text-books for children studying in standards I to VIII in the schools. In 1987-88, a provision of Rs. 15.53 crores and Rs. 11.54 crores has been made for uniforms and Text-books schemes. About 40,000 women have benefited by job opportunities in stitching and making school uniforms.

Health and Family Welfare

34. Efforts are being taken to implement the Alma Ata declaration to provide health for all by 2000 AD.

In the Seventh Five-Year Plan, it is proposed to establish 3,000 additional health sub-centres. Out of this target, 1,340 additional sub-centres have been established during the year 1985-86 and 1986-87. In all, as on 31st January 1987, 7,200 health sub-centres are functioning in the State. Rural health care is being provided at present through a network of primary health centres, besides 260 mini-health centres and 274 mobile health teams. It is further proposed to establish 140 additional primary health centres during 1987-88.

35. The Accident and Emergency Services scheme for treating the victim of road and fire accidents, floods, etc. is in operation in Tamil Nadu since 1979. With the extension of this scheme to Thanjavur and Pudukkottai in 1986-87 and 1987-88 respectively, the entire State will come under this scheme. This scheme is now proposed to be extended to Madras City on a large scale, by co-ordinating the efforts of Medical, Police and Transport Departments with establishment of wireless communication system and improved ambulance facilities.

36. The tempo in the implementation of the family welfare programme is kept up during 1986-87 also. As against the target of 5,60,000 sterilisations fixed by Government of India for the year 1986-87, upto February 1987, 3,97,214 sterilisations have been performed. Equal attention is also being given to the implementation of other methods of family welfare.

Indian Medicine and Homoeopathy

37. The Government continue to attach importance to the development of Indian systems of Medicine and Homoeopathy. During 1986-87, the Government have implemented the scheme of payment of old age pension of Rs. 150 per mensem to the registered traditional practitioners of Siddha Medicine who are incapacitated to work or whose annual income is less than Rs. 3,600 per annum. The policy of opening Siddha and Homoeopathy dispensaries is also being continued in the current five-year plan.

Water Supply

38. The Government continue to accord high priority for providing safe drinking water facilities to the rural and urban areas in Tamil Nadu. In the Seventh Five-Year Plan period, Government have proposed to extend drinking water facilities to 10,900 habitations with an outlay of Rs. 250 crores under the Rural Water Supply Scheme. In the last year, 2,834 habitations were provided with safe drinking-water supply. In the current year, and in the next year, it is programmed to provide water to 2,225 habitations each year. Keeping in mind the adverse seasonal conditions prevailing in the State, 5,339 bore-wells have already been sunk in the current year till December 1986. In the two months of February and March 1987 alone, Government have sanctioned schemes for sinking 2,000 new bore-wells.

39. With the assistance of European Economic Community, the State is implementing a drinking water supply project in Periyar and Coimbatore districts at an estimated cost of Rs. 15.2 crores benefitting a population of 4 lakhs. The Ramanathapuram district has been selected by the Technology Mission to provide drinking water supply to the villages in districts. This project is proposed to be funded by Government of India.

40. In the Seventh Five-Year Plan, the Planning Commission has approved an outlay of Rs. 125 crores to Water Supply and Sewerage schemes in Madras City. The Government is taking steps to meet the water shortage that may arise in Madras City due to the failure of north-east monsoon. A proposal costing Rs. 163 lakhs has been approved by the Government for tapping ground-water sources and for maintaining and rejuvenating the existing bore wells. Government will also implement programmes for extraction of ground-water from other sources and also from the coastal acquifer south of Thiruvanmiyur to maintain 180 mld. of water against the normal supply of 250 mld. of water to Madras City.

41. Sixteen towns including the Madurai and Coimbatore Corporations, 12 municipalities, one municipal township and one panchayat township have been provided underground drainage facility benefiting a total urban population of 29.38 lakhs.

Detailed investigations are being undertaken for formulating schemes to provide drainage facilities in the remaining urban areas also. In the current year, around Rs. 6 crores has been provided for sewerage schemes in the Madras City alone.

Public Distribution System

42. The Public Distribution System in the State is operated through the Tamil Nadu Civil Supplies Corporation and the Co-operatives. The Tamil Nadu Civil Suppiies Corporation is running 5,049 fair price shops and Co-operatives are running 15,931 shops. These shops cater to the needs of 119.66 lakhs family card holders. It may be mentioned that each revenue village in the State is now covered by a fair price shop. Rice, wheat products, edible oils, levy sugar, kerosene and controlled cloth are sold at reasonable prices in the fair price shops. The State Government have been incurring a heavy subsidy on the supply of rice to card holders. During the current year the budget provision for this subsidy is Rs. 40 crores and it is Rs. 50 crores during the year 1987-88.

43. The State Government is also implementing the Central Government scheme of supplying rice and wheat at specially subsidised rates in the nine Integrated Tribal Development Programme areas in the State. The scheme benefits about 38,000 tribal families.

Food and Consumer Protection

44. Despite adverse seasonal conditions, the State Government have managed the food situation satisfactorily thanks to the higher allotment from Government of India and the prudent management of locally procured stocks. During 1986 kuruvai season, 2.18 lakh tonnes of paddy were procured. However, in the current samba season, a quantity of 4,96,650 tonnes of paddy have been procured upto the middle of February 1987. The system of monopoly procurement is being continued in the Cauvery delta during samba season also and the production incentive of Rs. 35 per quintal of paddy is also being continued.

45. The need for building up a strong consumer protection movement has been engaging the attention of the State Government for quite some time. The State Government are considering various measures to implement the Consumer Protection Act recently passed by the Parliament.

Revenue

46. The Government have been implementing the Land Reforms Laws which has now been included in the New 20 Point Programme. Till 31st December 1986, surplus lands covering an extent of 1,23,479 acres taken over under the Land Ceiling Act were distributed to 96,950 persons. For the year 1986-87, an extent of

1,323 acres were distributed to 1,438 persons as on 31st December 1986. Similarly, assignment of house sites which is also included in the 20 Point Programme is being implemented effectively. As against the target of 1,50,000 house sites fixed by the Government of India for 1986-87, the issue of house-site pattas upto the end of November 1986 has been 1,55,720.

47. During the fasli 1395, Government ordered remission of land revenue, local cess, local cess surcharge, additional water cess and special water cess in areas where the crop yield was below 50 per cent, on the basis of field to field inspection by revenue officials. Collection of Government loans due in fasli 1395 was also postponed to fasli 1396.

Co-operation

48. The co-operative movement has gathered momentum in the State. The credit co-operatives have been playing an important role in providing agricultural credit and short term loans for cultivation operations, medium term loans for undertaking subsidiary occupation and long term loans for agricultural development purposes. The short term and medium term loans provided by the Agricultural Service Co-operative Societies in 1985-86 were in the order of Rs. 151.02 crores. During 1986-87 as against the programme of Rs. 180 crores for the entire year, the achievement by the end of December 1986 was Rs. 121.34 crores. It is proposed to further increases the issues considerably during 1987-88 to Rs. 207 crores.

49. In order to accelerate dry land farming and to improve the economic condition of the members engaged in the cultivation of dry land crops, the Agricultural Service Co-operative Societies have been providing cultivation loans for raising rainfed crops at concessional interest rate of 4 per cent. Government are subsidising an interest margin of 7.5 per cent in all these cases. Similarly, the weaker sections engaged in small scale and cottage industries will continue to get production loans at concessional rate of 4 per cent interest.

50. Enrolment of persons belonging to scheduled castes into the co-operative fold continues to receive priority of the Government. 10,000 persons belonging to scheduled castes have been enrolled to the co-operative fold during each of the years 1985–86 and 1986–87. Besides, Government have also been implementing another scheme of an interest free loan of Rs. 250 to each member of Agricultural Service Co-operative Societies belonging to Scheduled Castes towards the increased borrowings. Under this scheme, 1,250 members have been assisted during 1986–87 as against 1,000 persons in 1985-86.

51. Co-operatives also continue to provide agricultural inputs to the farmers. Chemical fertilisers valued at Rs. 73.38 crores have been distributed during 1985–86. During the current year, fertilisers valued at Rs. 70.61 crores have been distributed by the Co-operatives

upto 31st December 1986 as against the annual target of Rs. 82 crores for 1986-87. It is proposed to distribute fertilisers valued at Rs. 100 crores during 1987–88.

52. Co-operatives continue to help the grower members by arranging for the marketing of their agricultural produce with maximum advantage. The marketing of agricultural produce of the members through the societies in the current year is expected to be Rs. 135 crores.

Housing and Urban Development

53. The State Government are concerned with the problem of housing, slum improvement and urban development. The massive housing scheme has been launched from 1986-87 and a new approach for its implementation has already been indicated in the Governor's Address in the Legislative Assembly. During 1986-87, Government have taken up programme for the construction of 40,000 houses both under the massive housing scheme and the Rural Housing scheme. A sum of Rs. 4 crores has been allocated for disbursement to the beneficiaries through the network of housing co-operatives. This will be supplemented by institutional finance from HUDCO which will be in the order of Rs. 12 crores in 1986-87. Besides, an allocation of Rs. 23.66 crores has been made under RLEGP during 1986-87 for the construction of 25,504 houses for Scheduled Castes and Scheduled Tribes under the " Indira Awaas Yojana ".

54. In the area of slum improvement, approximately 68,000 families have been benefitted so far under the Accelerated Slum Improvement Programme. During the next two years, the programme would cover another 13,600 families. The activities of the Tamil Nadu Slum Clearance Board which were earlier confined to Madras City alone have now been extended to 45 towns. Under the TNUDP, which is expected to be launched shortly, it is programmed to cover 1,00,000 families at a cost of Rs. 40 crores for slum improvement.

55. In the area of urban development, the State Government are also contemplating the formulation of a State Urbanisation Policy on the lines of the National Urbanisation Commission appointed by Government of India in order to channelise urban growth on the desired lines. The coverage of the centrally sponsored programme of Integrated Development of Small and Medium Towns is also being extended to 9 more towns.

Transport

56. The performance of the 14 transport corporations in the State continue to be commendable. The Union Planning Commission has praised the financial and physical performance of the transport corporations in Tamil Nadu. Although, the operation of most of the corporations have resulted in marginal profits, it is difficult to maintain the same financial performance in view of the escalation of the cost of inputs. A slight rise in the bus fare has therefore become inevitable.

57. In order to improve the road transport system in the State, the Government are maintaining a large network of roads comprising of national highways, state highways, major district roads and other district roads. Apart from this, the Government are also implementing special welfare schemes like rural roads programmes, bus route take over scheme, sugarcane road development scheme, rural link roads under the RLEGP, etc.

58. The State owned Poompuhar Shipping Corporation has completed the programme of acquiring three specially designed Bulk Carriers to move coal for the vital thermal station at Tuticorin.

Social Welfare

59. The Integrated Child Development Service Scheme, a centrally sponsored programme is now benefitting 1,17,000 children and 70,000 pregnant and lactating mothers.

60. In order to rehabilitate physically handicapped children and adults, the Government have been implementing a number of measures. A Pilot Project has been started with the establishment of a District Rehabilitation Centre in Chengalpattu at a cost of Rs. 75 lakhs with assistance from Government of India. The Government have been encouraging involvement of Voluntary Organisations in social welfare measures. The Tamil Nadu State Social Welfare Board implemented this year a project for employing

physically handicapped girls in preparing quality sweets and arranging to market them through Government undertakings, Co-operative Super Markets, etc. The Government are also examining proposals to start Aavin Parlours employing handicapped girls with the assistance of Voluntary Agencies.

Adi-Dravidar and Tribal Welfare

61. The concern of the Government in the socio-economic development of Adi-Dravidars and Scheduled Tribes in the State is brought into action by implementing special programmes like the Special Component Plan and the Tribal sub-Plan. These two plans are operated with the objective of assisting 50 per cent of Adi-Dravidar and Scheduled Tribe families to cross the poverty line and to improve basic amenities in their colonies. Recognising the role of education in improving the condition of Scheduled Castes/Scheduled Tribes, State Government have been progressively increasing the coverage under scholarship schemes, supply of uniforms, text-books, boarding and lodging facilities in hostels, etc. About 52,000 Scheduled Caste/Scheduled Tribe students are provided with free boarding and lodging facilities in 765 hostels being maintained by the Government. This year Government have also increased the food charges in these hostels with a view to improve the quality and quantity of the food supplied. In the next year it is proposed to open 15 more such hostels.

Backward Class Welfare

62. The State Government have been running student hostels for providing boarding and lodging facilities to students of Backward Classes and Denotified communities. At present there are 557 such hostels. 15 more hostels are proposed to be opened in the next year. As in the case of Adi-Dravidar students, the food charges for supply of better quality and quantity of food supplied for these hostels have been considerably increased in this year. It is expected that around 32,000 students will be benefitted by this scheme. The State has also been organising special coaching classes for students from these communities when they appear in the entrance examination for professional courses.

Rehabilitation of Refugees

63. The State Government are deeply concerned with the unabated violence against Sri Lankan Tamils in Sri Lanka as well as the economic blockade which has resulted in starvation of the Sri Lankan Tamils. The State Government are continuing to incur massive expenditure in providing relief to the refugees. Besides, the Government have also spent Rs. 3.62 crores for the construction of new houses for the refugees.

Administration of Justice

64. To enable the courts in dispensing justice, Government have been providing all the amenities required by the judiciary on the recommendations of the High Courts including staff, buildings, accommodation, etc. The Government have agreed in principle to the construction of additional block of buildings for the High Court at an estimated cost of Rs. 5.55 crores. The following Civil and Criminal Courts have been sanctioned during the year 1986–87 :—

(1) One additional court in the Court of Small Causes in Madras city

(2) One District Munsiff Court at Valliyoor in Nellai Kattabomman district

(3) Special Judicial First Class Magistrate Court at Nagapattinam

(4) Additional Judicial First Class Magistrate Court at Ramanathapuram

(5) Judicial Second Class Magistrate Court at Thittakudi in South Arcot district

65. A separate Directorate of Prosecution has been established from this year to co-ordinate and streamline prosecution work of Public Prosecutors and Assistant Public Prosecutors.

Police

66. With a view to increase the efficiency of police in the State for maintenance of Law and Order effectively and to ensure an atmosphere of peace for implementation of various developmental programmes, this Government has been implementing various modernisation schemes for police force. The police infrastructure is being strengthened with equipments like Walkie Talkies, V. H. F., etc. with the help of central aid. During the year 1986–87 Armed Reserve Platoons have been set up in eight places at a cost of Rs. 1.39 crores. Special transport equipments like Ambulance, etc. have been purchased at a cost of Rs. 25.72 lakhs to aid the police to give immediate medical help in the course of their law and order and bandhobust duties. The Government have also provided Rs. 8.57 crores for construction of police buildings and quarters for policemen. A Radio Control Room at a cost of Rs. 19.23 lakhs has been established at Tuticorin.

Fisheries

67. Under the Seventh Five-Year Plan it has been targetted to raise the total annual marine and inland fish production to 5.20 lakhs tonnes. With the measures taken by the Government, it is expected that by 1987-88 itself, production level of 4.80 lakhs tonnes per annum would be achieved. To develop inland fisheries, the Government have been establishing fish farm facilities in various places. In the current year one farm has

been developed at Bhavanisagar and a second one is being developed at Manimuthar. In the field of marine fishing, the Government have been establishing infrastructural facilities in the various fishing harbours of the State. Such facilities have been created in nine places. Four more are under establishment. Large and small brackish water farms are also being developed at places like Thondaikadu, Karangadu, Vaniamchavadi, Portonovo, Ariyancadu, etc.

68. With a view to improve the lot of fishermen, schemes envisaging allotment of free house to fishermen families and connecting fishermen colonies to the main roads, construction of protective walls and cyclone shelters, etc. are being implemented by the State. 10,035 houses for fishermen have been completed so far. Fishermen Group Insurance Scheme has also been implemented which will provide relief to fishermen families in case of death and permanent disablement of fishermen. A Joint Sector venture, called Tamil Nadu Marine Plasts has been started by the Tamil Nadu Fisheries Development Corporation for building special class of boats used for marine fishing in the surf ridden Coromandal Coast. A net making plant of 54 tonne capacity at a cost of Rs. 70 lakhs has also been started by the Corporation.

Rural Development

69. The State Government have been implementing the major anti-poverty programmes with vigour and

success. Upto 31st December 1986, the performance under the various programmes like IRDP, NREP and RLEGP has been significant. Under IRDP, as against the annual target of 80,000 new families, 58,714 families have been assisted upto 31st December 1986. In the financial side, the expenditure has been 68 per cent of the overall allocation for the financial year 1986–87. As regards the coverage of old families requiring second dose of assistance, the coverage upto 31st December 1986 has been 1,04,743 families as against the annual target of 1,51,000 families. Special efforts have also been made to increase the coverage of Scheduled Castes and Scheduled Tribes as well as the women beneficiaries. Out of the total number of families assisted under IRDP upto 31st December 1986, as many as 45 per cent have been Scheduled Castes/Scheduled Tribes while 33 per cent have been women.

70. Similarly, under NREP as against the annual target of 263 lakh mandays in 1986–87, the Government have been able to generate 229.19 lakh mandays upto December 1986. In the financial side, the expenditure during this period was 77 per cent of the annual allocation for 1986-87. Under RLEGP, 198.04 lakh mandays have been generated upto 31st December 1986 as against the annual target of 242 lakh mandays in 1986–87. The financial performance during the same period has been 82 per cent of the annual allocation.

Social Forestry

71. This Government have been continuing the Social Forestry Scheme with the assistance of Swedish International Development Agency. During the next year an area of 41,000 hectares is proposed to be covered under afforestation programme which includes 20,000 hectares outside Reserve Forests. In the Reserve Forests, about 20,000 hectares annually is being covered under afforestation mainly to conserve ecology and to improve ground water resources. Seedlings have also been supplied to public institutions and private organisations to encourage planting and preservation of ecology. In 1986-87 about Rs. 3.73 crores worth seedlings have been distributed till January 1987.

Religious Endowments

72. In order to help temple managements in need, the Government have distributed Rs. 35 lakhs by way of subsidies towards performance of daily religious rites in 1985-86. In the current year this has been increased to Rs. 45 lakhs covering 83 temples in the State.

73. The Government also announced with effect from 1st April 1986 a revised wage structure for the employees of Deputy Commissioner and Assistant Commissioner Grade temples. Moreover for employees in Grades I to IV temples, Government also announced Rs. 200 as ex-gratia payment.